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Facebook and Its Big Stock Offering

This is the VOA Special English Economics Report.

Investors soon will be able to own shares of Facebook stock. The world's biggest social media network presented documents to the Securities and Exchange Commission Wednesday. The documents are required before the company can make its initial public offering, or IPO. A date for the stock sale has yet to be announced.

Experts say Facebook could raise about five billion dollars. That would be one of the biggest IPO sales ever. And it would be much bigger than Google's first public stock sale in two thousand four. At that time, the Internet search company raised almost two billion dollars.

Facebook has eight hundred million users around the world. It is the second most visited website after Google. Now, experts say the social media network is in a position to become one of the most valuable Internet companies.

Stock expert Anupam Palit at Greencrest Capital says that among social media sites, Facebook is in a class by itself.

ANUPAM PALIT: "It is the biggest company in this space and we believe what makes it very unique from every other company that went public last year in this space is that it is very, very profitable."

Early estimates place the total value of the social network between seventy-five and one hundred billion dollars. That includes earlier investments by other companies. David Kirkpatrick wrote the book "The Facebook Effect." He says Facebook's IPO will be historic.

DAVID KIRKPATRICK: "Will Facebook's IPO be the biggest IPO in American history, probably not, but it will certainly be by far the biggest Internet or technology IPO we've ever seen."

The stock sale also could make Facebook founder Mark Zuckerberg one of the world's youngest billionaires. He is only twenty-seven.

Investment companies are likely to buy Facebook stock first. But investment manager Jim O'Shaugnessy says that is not so bad. He says the price of some IPO stocks are too high and fall not long after they first go on sale.

JIM O'SHAUGHNESSY: "Many IPO's come out being very, very overvalued because they get so hyped up and investors are so taken in by the story that they're willing to pay any amount just to be able to get into the stock. That generally translates to being very overvalued. So we generally tell investors that they should wait, probably a good full year before they look at buying stock that was recently IPO'd."

Recently, share prices of some Internet businesses have fallen after their stock was first offered. For example, stock of LinkedIn, Groupon and Zynga, dropped in price by as much as twenty-five percent after going public.

There were similar questions eight years ago when Google first sold stock to the public. Today, Google is one of the world’s most valuable technology companies.

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